



**DEPARTMENT OF AUDITS AND ACCOUNTS**  
**NONPROFIT AND LOCAL GOVERNMENT AUDITS**

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**GREG S. GRIFFIN**  
STATE AUDITOR

MEMORANDUM

TO: All Agency Heads

FROM: Greg S. Griffin, State Auditor *gsg*

DATE: July 3, 2013

RE: Local Government Eligibility for State Grants

Enclosed please find a listing of local governments that are not in compliance with audit report/grant certification form submission requirements, including information on the specific nature of the noncompliance noted on the date the listing was prepared. Noncompliance with these requirements could impact a local government's eligibility for state grant transmittals or could require return to the state of previously awarded grant funds. To facilitate access to this information by your staff, this memo and the enclosed listing of noncompliant local governments will be available on the Department of Audits and Accounts web page. The direct web address to access this information is:

[http://www.audits.ga.gov/NALGAD/Local\\_Government\\_Audits.html](http://www.audits.ga.gov/NALGAD/Local_Government_Audits.html) (links in second paragraph)

In addition, if you or members of your staff wish to receive future updates to the listing by email, please send your request to Ed Blaha, whose contact information appears at the end of this memo.

The following Code sections affect a local government's eligibility for state grant funds based upon submission of documents to the State Auditor for review:

O.C.G.A. §36-81-7 requires that local governments forward a copy of their annual audit report to the State Auditor for review. This code section also requires local governments to correct deficiencies noted during this review. Subparagraph (d)(5) of this code section specifies that "no state agency shall make or transmit any state grant funds to any local government which has failed to provide all the audits required by law within the preceding five years".

O.C.G.A. §36-81-8.1 requires that local government recipients of grants from the Governor's emergency fund or from a special project appropriation annually submit a grant certification form to the State Auditor. Except under certain limited circumstances, certification is required by the local government and the local government auditor that the grant funds were used solely for the express purpose or purposes for which the grant was made. Paragraph (e) specifies that "the failure to comply with the requirements of this code section shall result in a forfeiture of a state grant and the return to the state of any such grant funds which have been received by the local government". An additional provision states that "a grant recipient ... shall be ineligible to receive funds from the Governor's emergency fund or from a special project appropriation until all unallowed expenditures are returned to the state...".

In cooperation with the Office of the State Treasurer, the enclosed listing includes local governments that are not in compliance with O.C.G.A. §47-1-5 or Article 2 of §47-20. In even numbered years, local

governments that have established defined benefit retirement plans are required to report on the financial condition of their plan. For those governments not in compliance, the Department of Audits and Accounts is required to "notify the state treasurer; and it shall be the duty of the state treasurer to withhold any state funds payable to the applicable political subdivision or local board of education until the actuarial investigation and financial report are submitted to the state auditor." The same requirement applies to governments whose actuary opines that the government has not met the minimum funding standards for their defined benefit plan. Noncompliant governments have been added to the listing to ensure that agency officials are aware of the requirement to withhold state funds payable to these local governments.

Please note that O.C.G.A. §36-81-7 refers to "any state grant funds" (emphasis added). This provision to suspend state grants does not apply to grants made or transmitted by state agencies to local governments that are not considered state grants. For example, federal grant awards that state agencies pass through to local governments should not be withheld from noncompliant governments, even if the grant has state matching requirements.

It is important to note that, for purposes of O.C.G.A. §36-81-7, a local government is defined as "a municipality, county, consolidated city-county government, or other political subdivision of the state." Although not included on the attached listing, the Department of Audits and Accounts maintains information regarding the compliance status of other political subdivisions; if your agency is considering the award of a grant or transmittal of state grant funds to such an entity, we will provide compliance status information upon request.

If your agency is considering the award of a grant or transmittal of state grant funds to a local government, an agency official should confirm whether the local government is in compliance with the applicable code section(s) identified above. The attached listing was accurate as of the date it was prepared; however, it is important to note that local government compliance with these code sections is subject to change. Therefore, I would encourage you to request updated information on the status of local government compliance by submitting an e-mail request for information to our office. My staff will research the compliance status of the potential local government grantees specified in the e-mail and notify you of the results. Please send the e-mail to [blahaef@audits.ga.gov](mailto:blahaef@audits.ga.gov) to request information on compliance status and include the names of particular governments.

Please note that, in addition to the above Code sections impacting local government eligibility for state grant funding, there is a provision in 2011 House Bill 87 that impacts "qualified local government" status with the Georgia Department of Community Affairs. This provision is codified in O.C.G.A. §13-10-91, which requires submission to the Department of Audits and Accounts of a compliance report related to use of contractors for the physical performance of services. Local governments not in compliance with this reporting requirement "shall be excluded from the list of qualified local governments". A list of local governments that have not complied with the report submission requirements is available on the HB 87 section of our Department's website:

[http://www.audits.ga.gov/NALGAD/section\\_3\\_reporting\\_requirements.html](http://www.audits.ga.gov/NALGAD/section_3_reporting_requirements.html)

If you have any questions regarding the provisions of the above referenced code sections or local government eligibility for state grants, please contact Ed Blaha, Director, Nonprofit and Local Government Audits Division by e-mail at [blahaef@audits.ga.gov](mailto:blahaef@audits.ga.gov) or by telephone at (404) 651-5115.

GEORGIA DEPARTMENT OF AUDITS AND ACCOUNTS

Nonprofit and Local Government Audits Division

Listing of Noncompliant Local Governments

--- Government ---							
Name	Type	2007	2008	2009	2010	2011	2012
Andersonville	City				1B	1A	1A
Aragon	City			1A	1A	1A	1A
Bishop	City				1A		
Braswell	City			1A	1A	1A	1A
Bremen	City						1A
Broxton	City					1B	
Byromville	City	1A	1A	1A	1A	1A	
Cobbtown	City					1B	
Cohutta	City					1A	
College Park	City						1A
Damascus	City					1A	
Denton	City					1A	
DeSoto	City	1B		1A	1A	1A	
Dooling	City					1A	1A
DuPont	City		1A			1A	
Enigma	City		2	1A, 2	1A, 2	1A, 2	
Graham	City	1A, 2	1A, 2	1A, 2	1A, 2	1A, 2	1A, 2
Grantville	City					1A	1A
Hazlehurst	City						1B
Irwinton	City						1A
Lincolnton	City				1B, 2	1A, 2	
Lumpkin	City					1A	1A
Moreland	City				2	2	
Morganton	City		1A	1A	1A	1A	1A
Morven	City						1A
Mount Zion	City						1A
Oak Park	City					1B	
Oliver	City	1A					
Pelham	City				3		1A, 3
Ranger	City	2	2	2	1A, 2	1A, 2	
Rayle	City	1A	1A	1A	1A	1A	1A
Register	City			1B			
Rhine	City					2	
Rocky Ford	City	1A	1A	1A	1A	1A	1A
Screven	City						1A
Sharpsburg	City				1A	1A	
Sparks	City				1B		
Stillmore	City					1A	
Talbotton	City			1B	1A	1A	
Tifton	City						1A
Tignall	City				1B	1B	1A
Twin City	City	1A	1A	1A	1A	1A	
White Plains	City					1A	
Whitesburg	City				1B	1A	
Willacoochee	City					1A	
Yatesville	City		1B	1A	1B	1B	
Bulloch	County						1A, 2
Hart	County					1B	
McIntosh	County						1A
Upton	County						3

Note 1: This information is accurate as of the date it was prepared. State agency officials are strongly encouraged to contact Department of Audits and Accounts to confirm eligibility for potential local government grantees prior to award of contract and transmittal of state grant funds. Eligibility may be confirmed by sending e-mail to [blahaef@audits.ga.gov](mailto:blahaef@audits.ga.gov) and including name(s) of local government grantees. The inclusion or exclusion of a particular government on the above list does not constitute proof of eligibility status under O.C.G.A. §36-81-7.

KEY:

1. Noncompliant with O.C.G.A. §36-81-7 (A: Report not received; B: Uncorrected report deficiencies)
2. Noncompliant with O.C.G.A. §36-81-8.1
3. Reported to Office of the State Treasurer as noncompliant with O.C.G.A. §47-1-5 or Article 2 of §47-20